

**LOUISIANA STATE BOARD OF DENTISTRY  
DEPARTMENT OF HEALTH AND  
HOSPITALS  
STATE OF LOUISIANA**

Agreed-Upon Procedures

As of and for the year  
ended June 30, 2012

**LOUISIANA STATE BOARD OF DENTISTRY  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA**

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INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES

To the Board Members of  
Louisiana State Board of Dentistry  
Department of Health and Hospitals  
State of Louisiana  
New Orleans, Louisiana

We have performed the procedures enumerated below as they are a required part of the engagement. We were required to perform each procedure and report the results, including any exceptions. Management is required to provide a corrective action plan that addresses all exceptions noted. For any procedures that do not apply, we have marked "not applicable."

Management of the Louisiana State Board of Dentistry (the Board) is responsible for its financial records, establishing internal controls over financial reporting, and compliance with applicable laws and regulations. These procedures were agreed to by management of the Louisiana State Board of Dentistry and the Legislative Auditor, State of Louisiana, solely to assist the users in assessing certain controls and in evaluating management's assertions about the Louisiana State Board of Dentistry's compliance with certain laws and regulations during the year ended June 30, 2012.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

***General***

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1. We determined if there are adequate written policies and procedures for the primary financial/business functions of the entity (budgeting, receipts, purchasing, disbursements, payroll/personnel, contracting, travel, related parties, and ethics).

*No findings noted, except for finding 2012-1 detailed in the Schedule of Findings and Responses attached to this report.*

2. We obtained the financial statements as of and for the year ended June 30, 2012, and performed analytical procedures comparing current and prior year financial statements, by line item. Identified and obtained explanations for variances of 10% or greater for line items that were 10% or more of the respective total assets, liabilities, equity, revenues, or expenses.

*No findings noted*

## **Cash**

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1. We prepared a proof of cash for the year ended June 30, 2012.

*No findings noted*

2. We determined that cash collection responsibilities were adequately segregated to ensure that the person responsible for cash collections was not responsible for posting accounts receivable or making deposits.

*No findings noted*

3. We determined that bank reconciliations had been prepared for all months in the period covered by the financial statements. We determined that there was evidence of management review of the bank reconciliations. We determined that the reconciled balance for the final month of the fiscal year agreed to the general ledger.

*Results of procedures indicate bank reconciliations are prepared on a quarterly basis. However, no findings associated with the review and reconciliation of balances were noted. Effective with July 2012, the Board intends to begin preparing monthly bank reconciliations.*

## **Credit Cards**

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1. Obtain from management a listing of all active credit cards (and bank debit cards if applicable) for the period under examination, including the card numbers and the names of the persons who maintained possession of the cards.

*Not Applicable – the Board does not maintain agency credit cards*

2. Obtain the monthly statements for all credit/debit cards used during the period under examination and select for detailed review the largest (dollar amount) statement for the two cards with the most (dollar amount) activity:

A. Obtain the entity's supporting documentation for the largest purchase/charge shown on each selected monthly statement:

- Determine if each purchase is supported by:
  - An original itemized receipt (i.e., identifies precisely what was purchased)
  - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating)
  - Other documentation as may be required by policy (e.g., purchase order, authorization, etc.)

*Not Applicable – the Board does not maintain agency credit cards*

- Determine if selected purchases effectively circumvented the entity's normal procurement/purchasing process and/or the Louisiana Public Bid Law (i.e., large or recurring purchases requiring the solicitation of bids or quotes).

*Not Applicable – the Board does not maintain agency credit cards*

B. Determine if there is evidence of management review of the two selected statements.

*Not Applicable – the Board does not maintain agency credit cards*

### **Travel and Expense Reimbursement**

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1. We obtained a listing of all travel and related expense reimbursements during the period under examination and traced to the general ledger for completeness. Selected for review the three persons who were reimbursed the most money:

*No findings noted*

A. We obtained all of the expense reimbursement reports of each selected person, including the supporting documentation, and chose the largest expense report from each person to review in detail:

- Determined if each expenditure was:
  - Reimbursed in accordance with written policy (e.g., rates established for meals, mileage, lodging, etc.) and applicable laws.
  - For an appropriate and necessary business purpose relative to the travel

*See finding 2012-1 detailed in the Schedule of Findings and Responses attached to this report.*

- Determined if each expenditure was supported by:
  - An original itemized receipt
  - Documentation of the business/public purpose
  - Other documentation as may be required by policy (e.g., authorization for travel, conference brochure, certificate of attendance, etc.)

*No findings noted*

- Determined if each expense report (including documentation) was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

*No findings noted*

### ***Contracts***

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1. We reviewed the general ledger for the period under examination to identify individuals/businesses being paid for contracted professional services. Selected the five “vendors” that were paid the most money during the period and determined if there was a formal/written contract that supported the services arrangement.

*No findings noted*

2. We obtained a listing of all active contracts and the expenditures made during the period under examination and traced to the general ledger for completeness. Selected for detailed review, the largest (dollar amount) contract in each of the following categories that was entered into during the period.

(1) Services

(2) Materials and supplies

(3) Public works

*No findings noted*

A. We obtained the selected contracts and the related paid invoices and:

- Determined if the contract is a related party transaction by obtaining management’s representation.

*No findings noted*

- Determined if the transaction is subject to the Louisiana Public Bid Law or Procurement Code.

*No findings noted*

- Determined if the contract was amended. If so, determine whether the original contract contemplated or provided for such an amendment. Furthermore, determine if the amendment is outside the scope of the original contract, and if so, whether it should have been separately bid and contracted.

*No findings noted*

- Selected the largest payment from each of the 3 largest contracts selected above and determined if the invoice(s) received and payment complied with the terms and conditions of the contract.

*No findings noted*

- Determined if there is documentation of Board approval, if required.

*No findings noted*

### ***Payroll and Personnel***

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1. We obtained a listing of employment contracts/salaries in force during the period under examination and traced to the general ledger for completeness.

*No findings noted*

2. We selected the five highest paid employees and:

- Determined if payments issued during the period under examination were done in strict accordance with the terms and conditions of the contract or pay rate structure.

*No findings noted*

- Determined if changes made to hourly pay rates/salaries during the period under examination were approved in writing and in accordance with policy.

*No findings noted*

3. We selected the attendance and leave records for one pay period in which leave had been taken by at least one employee and:

- Determined if all employees are documenting their daily attendance and leave (e.g., vacation, sick, etc.).

*No findings noted*

- Determined if supervisors were approving, in writing, the attendance and leave of all employees.

*No findings noted*

- Determined if the entity was maintaining accurate written leave records (e.g., hours earned, hours used, and balance available) on all eligible employees.

*No findings noted*

4. We selected the two largest termination payments (e.g., vacation, sick, compensatory time, etc.) made during the period under examination. Determined if the payments were supported by adequate documentation, made in strict accordance with policy and/or contract, and properly approved.

*No findings noted*

### ***Budget***

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1. We obtained a copy of the legally adopted budget and all amendments.

*See finding 2012-2 detailed in the Schedule of Findings and Responses attached to this report.*

2. We traced the budget adoption and amendments to the minute book.

*No findings noted*

3. We compared the total revenues and total expenditures of the final budget to actual total revenues and total expenditures on the financial statements. We noted no variances of 10% or greater.

*No findings noted*

### ***Debt Service***

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1. If debt was issued during the financial statement period, verify that State Bond Commission approval was obtained, as applicable.

*Not Applicable – no debt was issued by the Board during the period under examination*

2. Determine compliance with applicable debt covenants.

*Not Applicable – the Board did not have any debt outstanding and was not subject to debt covenant compliance requirements during the period under examination*

### ***Corrective Action***

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1. We obtained management's response and corrective action plan for any exceptions noted in the above agreed-upon procedures.

*Management of the Board has provided applicable responses and corrective action plans for the above noted findings 2012-1 and 2012-2 as detailed in the Schedule of Findings and Responses attached to this report.*



We were not engaged to perform, and did not perform, an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The Louisiana State Board of Dentistry's responses to the findings identified in the procedures above are described in the accompanying Schedule of Findings and Responses. We did not audit the Louisiana State Board of Dentistry's responses and, accordingly, express no opinion on them.

This report is intended solely for the use of management of the Louisiana State Board of Dentistry and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Malcolm M. Dienes, LLC*

Metairie, Louisiana  
September 6, 2012

**LOUISIANA STATE BOARD OF DENTISTRY  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA**

**Schedule of Findings and Responses  
For the Year Ended June 30, 2012**

**Findings Related to Agreed Upon Procedures**

***2012-1 Written Meals & Entertainment Policy***

*Finding*

Inspection of the documentation supporting the expense reimbursements of the three selected persons indicated one instance of a daily meal reimbursement in excess of the Board's maximum per day meals and entertainment reimbursement policy of \$110. The Board utilizes PPM 49 as its guidelines for purposes for travel and expense reimbursements. The Board's policy, however, contains a ceiling amount of \$110 per day. Results of testing indicated that the reimbursement in question was of proper business purpose and was properly approved. However, the amount reimbursed was in excess of the per day maximum by \$27. Additionally, it was noted that the Board's meals and entertainment reimbursement policy regarding maximum reimbursements was not listed within its Policies and Procedures Manual.

*Recommendation*

The Board's management should ensure that each submitted reimbursement be in accordance with all Board policies and that the policies in force be enumerated in the Policies and Procedures Manual to ensure clarity and effective application.

*Management's Corrective Action Plan*

The Board's management agrees to the recommendations of the Auditor. The Board's management will update its policies pertaining to travel and expense reimbursement policies and procedures that are separate from and in addition to those outlined in PPM49. Additionally, the Board's management will be more attentive in its review of expenditures submitted for reimbursement to ensure adherence to all policies and procedures.

***2012-2 Budget Amendment Reporting***

*Finding*

Inspection of documentation supporting the adoption of budget amendments during the year indicated amendments of greater than 5% of originally budgeted figures which were properly approved by the Board Members. As required by LA R.S. 39:1338(B), the Joint Legislative Committee on the Budget (JLCB) shall receive prior written notification of any planned increase

or decrease constituting 5% or more of the total dollars in the originally submitted budget. Results of testing indicate that written notification to the JLCB was not performed as required.

*Recommendation*

The Board's management should ensure that all budget amendments, in addition to being properly approved by the Board Members, be properly communicated in accordance with the rules as outlined in LA R.S. 39:1338.

*Management's Corrective Action Plan*

The Board's management agrees to the recommendations of the Auditor. The Board's management will communicate budget amendments in accordance with LA R.S. 39:1338.

**LOUISIANA STATE BOARD OF DENTISTRY  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA**

**Schedule of Prior Year Findings  
For the Year Ended June 30, 2012**

**Findings Related to Agreed Upon Procedures**

***2011-1 Formal Written Policies & Procedures***

*Finding*

The Board's management was unable to provide a current, up to date written policies and procedures manual for the primary financial/business functions of the Board, including written policies and procedures pertaining to processing and approval of travel expenses and reimbursements, payments to contractors, compensation adjustments and employee leave requests. Based on the information received, the policies and procedures manual has not been kept up to date as the office is staffed with only six people and any required changes to policies and procedures are communicated verbally.

*Recommendation*

The Board's management should review and update the current policies and procedures manual to reflect the current operating environment of the Board.

*Management's Corrective Action Plan*

The Board's management agrees to the recommendations of the Auditor. The Board's management will update its policies pertaining to procedures for the primary financial/business functions including processing of travel expenses, reimbursements, payments to contractors, compensation, and employee leave requests. Compensation adjustments are voted on by the Board Members at Board meetings. There is no internal policy but for Board Member votes regarding compensation adjustments, and the Board is in compliance with Civil Service rules regarding Optional Pay Adjustment Policies as provided in Civil Service Rule 6.16.2.

*Current Year Status*

Except as detailed in *finding 2012-1*, results of the procedures performed for the year ended June 30, 2012 indicate the Board's management has implemented the corrective action plan detailed above.

## ***2011-2 Written Approval of Travel Reimbursements***

### ***Finding***

Inspection of the documentation supporting all of the expense reimbursements of the three selected persons indicated three instances of missing written approvals by someone other than the person receiving reimbursement. Results of testing indicated that the reimbursements in question were of proper business purpose and were properly approved. However, explicit evidence of management's written review and approval was missing on the reimbursement request forms.

### ***Recommendation***

The Board's management should ensure that the proper review and approval of all expense reimbursement requests is performed and evidenced by manual signature of the reviewing and approving management member.

### ***Management's Corrective Action Plan***

The Board normally does follow a procedure where the Executive Director approves all expense reimbursements evidenced by manual signature. However, these three isolated incidents were due to a lack of oversight. More attention will be paid in the future.

### ***Current Year Status***

Results of the procedures performed for the year ended June 30, 2012 indicate the Board's management has implemented the corrective action plan detailed above.

## ***2011-3 Record of Employee Attendance & Leave***

### ***Finding***

Inspection of the documentation supporting the attendance and leave records of the Board indicated no formal record of attendance and leave of Board employees is currently maintained. Additionally, no formal written approval of requested leave for each employee is currently maintained. Results of testing indicated that the Executive Director currently records requested leave dates on a calendar maintained in his office, however, no formal request process evidenced by written review and approval currently exists. Additionally, no formal attendance records are maintained to ensure all planned and unplanned absences are documented and reviewed.

### ***Recommendation***

The Board's management should develop a formalized system to track the attendance and leave of all employees. Included in this formalized system should be a review and approval process of requested leave dates which is evidenced by reviewed and approved documentation of the respective request.

#### *Management's Corrective Action Plan*

The Board's management shall create a daily sign in sheet which shall be reviewed on a weekly or monthly basis by the Executive Director to determine hours worked. A uniform application form has been created to require the employee to request leave in a written format giving the dates and reasons for the leave and is effective immediately for all leave requests. The form shall be signed by the employee and approved by the Executive Director and kept in the leave file.

#### *Current Year Status*

Results of the procedures performed for the year ended June 30, 2012 indicate the Board's management has implemented the corrective action plan detailed above.

#### **2011-4 Termination & Leave Payment Documentation**

##### *Finding*

Inspection of the documentation supporting the termination payments (including vacation, sick, compensatory time, etc.) indicated the existence of no explicit termination or related disbursements during the period under examination. Currently, there is no tracking within the payroll system of terminations, vacation, sick, compensatory or related payroll disbursements to employees. Semi-monthly payroll details reflect only the salary earned by each employee regardless of whether employees were in attendance or on leave during the respective pay period.

##### *Recommendation*

The Board's management should ensure the payroll reports detail the vacation and leave time taken by all employees. Additionally, the Board's management should formally review and approve the payroll reports to ensure consistency between the attendance and leave records and the payroll records of the Board.

#### *Management's Corrective Action Plan*

The Board's management agrees to the recommendations of the Auditor and shall instruct its payroll processor to detail payments made for sick, vacation, or compensatory time in the bi-monthly reports received from the payroll processing center.

#### *Current Year Status*

Results of the procedures performed for the year ended June 30, 2012 indicate the Board's management has implemented the corrective action plan detailed above.

**LOUISIANA STATE BOARD OF DENTISTRY  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA**

**Schedule of Compensation Paid to Board Members  
For the Year Ended June 30, 2012**

<b>Commissioner</b>	<b>No. of Days</b>	<b>Amount</b>
Aubrey Baudean	5	\$ 750
H.O. Blackwood, III	7	1,050
Patricia Cassidy	13	1,950
Wilton Guillory	12	1,800
Romell J. Madison**	14	5,700
Dean Manning	19	2,850
Francis Martello	15	2,250
Russell Mayer	18	2,700
Conrad P. McVea, Jr.	21	3,150
David Melancon***	10	5,100
James Moreau	6	900
Lynn Philippe	5	750
John Taylor	16	2,400
Samuel A. Trinca	26	3,900
<b>Total</b>		<u><u>\$ 35,250</u></u>

\*\*Board President from June 2011 to December 2011.

\*\*\*Board President from January 2012 to June 2012.

Board President receives \$600 per month, plus reimbursement of \$150 per meeting day